



Pason Reports First Quarter 2025 Results and Declares Quarterly Dividend

FOR IMMEDIATE RELEASE

CALGARY, Alberta (May 1, 2025) – Pason Systems Inc. ("Pason" or the "Company") (TSX:PSI) (OTC:PSYTF) announced today its 2025 first quarter results and the declaration of a quarterly dividend. The following news release should be read in conjunction with the Company's Management Discussion and Analysis ("MD&A"), the unaudited Condensed Consolidated Interim Financial Statements and related notes for the three months ended March 31, 2025, as well as the Annual Information Form for the year ended December 31, 2024. All of these documents are available on SEDAR+ at www.sedarplus.ca.

Financial Highlights

	Three Months Ended March 31,		
	2025	2024	Change
(000s, except per share data)	(\$)	(\$)	(%)
North American Drilling Revenue	75,772	73,604	3
International Drilling Revenue	13,989	14,632	(4)
Completions Revenue	16,013	12,785	25
Solar and Energy Storage Revenue	7,403	3,738	98
Total Revenue	113,177	104,759	8
Adjusted EBITDA ⁽¹⁾	45,212	42,425	7
As a % of revenue	39.9	40.5	(60) bps
Funds flow from operations	36,543	34,846	5
Per share – basic	0.46	0.44	5
Per share – diluted	0.46	0.44	5
Cash from operating activities	39,942	31,014	29
Net capital expenditures ⁽²⁾	16,708	19,281	(13)
Free cash flow ⁽¹⁾	23,234	11,733	98
Cash dividends declared (per share)	0.13	0.13	—
Net income	19,646	69,123	(72)
Net income attributable to Pason	20,009	69,529	(71)
Per share – basic	0.25	0.87	(71)
Per share – diluted	0.25	0.87	(71)

As at	March 31, 2025	December 31, 2024	Change
(CDN 000s)	(\$)	(\$)	(%)
Cash and cash equivalents	84,372	77,197	9
Short-term investments	3,032	3,581	(15)
Total Cash ⁽¹⁾	87,404	80,778	8
Working capital	122,058	120,583	1
Total interest bearing debt	—	—	—
Shares outstanding end of period (#)	78,962,675	79,426,065	(1)

(1) Non-GAAP and supplementary financial measures are defined under Non-GAAP Financial Measures in this press release.

(2) Includes additions to property, plant, and equipment and development costs, net of proceeds on disposal from Pason's Condensed Consolidated Interim Statements of Cash Flows

Pason generated \$113.2 million in consolidated revenue in the first quarter of 2025, representing a 8% increase from the \$104.8 million generated in the comparative period of 2024 and a result that continues to significantly outpace underlying industry conditions.

The North American Drilling business unit generated \$75.8 million of revenue in the first quarter of 2025, a 3% increase over the comparative period of 2024 despite industry conditions that continued to be challenging. Industry activity in North America was 3% lower in the first quarter of 2025 when compared to the first quarter of 2024, driven by a reduction in US land rig counts, slightly offset by an increase in Canadian activity. However, during this time Pason's Revenue per Industry Day increased 7% to \$1,067 from the comparative 2024 period. Revenue per Industry Day in the current quarter represents increased product adoption across Pason's technology offering and also benefited from strength in the US dollar versus the Canadian dollar when compared to the prior year quarter. While a strengthening US dollar negatively impacted US dollar sourced operating expenses in the first quarter of 2025, this increase was offset by lower levels of repairs. As a result, segment gross profit of \$46.8 million during the first quarter of 2025 increased from \$44.4 million in the 2024 comparative period, and demonstrates the segment's operating leverage and ability to outpace industry activity levels on a mostly fixed cost base.

The International Drilling business unit generated \$14.0 million of revenue and \$5.8 million in gross profit in the first quarter of 2025, both representing decreases over the comparative period of 2024. Current quarter revenue in this segment was impacted by lower levels of activity within the Company's Argentinian operations, due to a large customer's operational focus shifting away from conventional wells toward more unconventional drilling, leading to a reduction in active rigs pending results from this shift. While the segment's cost base remains primarily fixed, current quarter operating expenses were impacted by inflationary effects and changes in foreign exchange.

Industry conditions for completions activity in North America continued to be challenging in the first quarter of 2025 with active frac spreads in the US declining by 21% from the prior year comparative period. However, against this backdrop the Company's Completions segment generated \$16.0 million in revenue representing a 25% increase from the prior year comparative period. During the first quarter of 2025, the business unit averaged 32 IWS Active Jobs, up from 28 in the first quarter of 2024, and up from 26 in the fourth quarter of 2024. Revenue per IWS day of \$5,486 also increased year over year by 9%, benefiting from mix of active jobs and also from strength in the US dollar. As the Completions segment grows its customer base, Revenue per IWS Day will fluctuate depending on the mix of technology adopted amongst those existing customers. Segment gross profit of \$1.6 million in the quarter compares to \$1.2 million in the prior year comparative quarter, and includes \$5.6 million of depreciation and amortization expense, of which \$2.1 million relates to amortization expense on intangible assets acquired through the IWS Acquisition.

Revenue generated by the Solar and Energy Storage business unit was \$7.4 million, a 98% increase from the comparative period in 2024 and a new quarterly record for the segment. Revenue grew year over year with an increased number of control systems delivered in the current quarter. With the increase in revenue, operating expenses were \$6.5 million during the first quarter of 2025 reflecting the cost of goods sold on controls systems revenue. Resulting segment gross profit was \$0.8 million for the first quarter of 2025 compared to \$0.2 million in the comparable period in 2024.

Pason generated \$45.2 million in Adjusted EBITDA, or 39.9% of revenue in the first quarter of 2025, compared to \$42.4 million or 40.5% of revenue in the first quarter of 2024. While Adjusted EBITDA grew year over year with increasing revenue, a comparison of Adjusted EBITDA margins reflects higher levels of revenue generated by the Company's Completions and Solar and Energy Storage segments at lower margins given the investments made for the current stage of growth of those segments.

The Company recorded net income attributable to Pason of \$20.0 million (\$0.25 per share) in the first quarter of 2025, compared to net income attributable to Pason of \$69.5 million (\$0.87 per share) recorded in the corresponding period in 2024. First quarter 2024 net income attributable to Pason included a non-recurring \$50.8 million non-cash accounting gain realized on the revaluation of the Company's previously

held equity investment in IWS following the acquisition of all remaining outstanding common shares not held by Pason on January 1, 2024.

Sequentially, Q1 2025 consolidated revenue of \$113.2 million was a 5% increase from consolidated revenue of \$107.6 million generated in the fourth quarter of 2024. Adjusted EBITDA of \$45.2 million or 39.9% of revenue in the first quarter of 2025 also increased from \$42.1 million or 39.1% of revenue in the fourth quarter of 2024. First quarter 2025 results benefited from higher levels of Canadian drilling activity through the winter drilling season and sequential growth in Revenue per Industry Day. Further, the Company's Completions and Solar and Energy Storage segments both grew revenue sequentially, offsetting a sequential decline seen in the Company's International Drilling segment as a result of reduced levels of activity in Argentina. The Company recorded net income attributable to Pason in the first quarter of 2025 of \$20.0 million (\$0.25 per share) compared to net income attributable to Pason of \$16.9 million (\$0.21 per share) in the fourth quarter of 2024 where the increase quarter over quarter reflects higher levels of Adjusted EBITDA.

Pason's balance sheet remains strong, with no interest bearing debt, and \$87.4 million in Total Cash as at March 31, 2025, compared to \$80.8 million as at December 31, 2024. Pason generated cash from operating activities of \$39.9 million in the first quarter of 2025, compared to \$35.8 million in the fourth quarter of 2024, which reflects higher Adjusted EBITDA year over year.

During the three months ended March 31, 2025, Pason invested \$16.7 million in net capital expenditures, a decrease from \$19.3 million in the first quarter of 2024. Net capital expenditures in Q1 2025 includes investments associated with supporting the continued growth of the Company's pressure control automation technology offering for the completions segment, the ongoing refresh of Pason's drilling related technology platform and continued investments in the new Pason Mud Analyzer. Resulting Free Cash Flow in the first quarter of 2025 was \$23.2 million, compared to \$11.7 million in the same period in 2024.

In the first quarter of 2025, Pason returned \$16.3 million to shareholders through the Company's quarterly dividend of \$10.3 million and \$6.0 million in share repurchases.

President's Message

The strength and resilience of Pason's competitive position was again demonstrated in our financial and operating results for the first quarter of 2025. Consolidated revenue increased by 8% year-over-year while North American drilling industry activity decreased by 3%. We continue to outpace underlying industry activity through both increasing Revenue per Industry Day, primarily through growing product adoption, and generating higher levels of revenue from our Completions and Solar and Energy Storage segments.

The compounding effect of Pason's continued outperformance against North American drilling industry activity is more evident when taking a longer-term view. Revenue per Industry Day in North America has grown at a compound annual growth rate of 6.6% over the past 10 years, resulting in a 90% total increase from \$562 in the first quarter of 2015 to \$1,067 in the first quarter of 2025. The impact of Pason's progress in generating additional sources of revenue can also be seen through a historical comparison; first quarter consolidated revenue of \$113.2 million was slightly higher than \$107.3 million in the first quarter of 2013, a time when there were 2,216 active drilling rigs in North America compared to 785 active drilling rigs in the first quarter of 2025.

Our International Drilling segment saw revenue decline 4% from the first quarter of 2024, primarily due to lower levels of activity in our operations in Argentina resulting from a change in a large customer's operational focus away from conventional wells towards more unconventional drilling. While this puts pressure on near-term activity as conventional development slows, over time we expect to benefit from this transition through higher activity on unconventional assets with higher adoption of a wider suite of products and service.

Our Completions segment generated revenue of \$16.0 million in the first quarter, on the strength of year-over-year increases in both the average number of IWS Active Jobs and Revenue per IWS Day. Compared to the prior year period, segment revenue increased by 25%, while the reported number of active US frac spreads decreased by 21%.

Energy Toolbase, our business in the Solar and Energy Storage segment, also posted strong results in the first quarter, with revenue of \$7.4 million representing a 98% increase from the prior year period on the strength of additional control system deliveries in the quarter. Reported revenue from this segment will fluctuate based on the timing of control system deliveries.

Adjusted EBITDA increased by 7% year-over-year to \$45.2 million, with margins declining slightly as a result of a greater contribution of revenue from Completions and Solar and Energy Storage, where segment margins are lower owing to their current stage of growth and development. Net capital expenditures of \$16.7 million were 13% lower than the same period of 2024. As a result, free cash flow for the quarter of \$23.2 million represented a 98% increase from the first quarter of 2024.

We returned \$16.3 million to shareholders in the first quarter through our regular dividend and share repurchases and are maintaining our quarterly dividend at \$0.13 per share. Our capital allocation priorities remain unchanged. Our highest expected returns on capital come from the investments we are making to grow our Completions business and to continue the rollout of our Mud Analyzer in our drilling-related business. We continue to expect our 2025 capital program to total approximately \$65 million. In the current environment of uncertainty and market volatility, we favour maintaining greater flexibility to repurchase additional shares over higher dividends for incremental shareholder returns.

In recent weeks, ongoing trade disputes, changes to announced OPEC+ production plans, and growing concerns about the potential for economic recession have placed greater focus on geopolitical factors. We anticipate that companies may adjust their development plans should their commodity price forecasts change; however, even in the event of reductions in capital programs, we expect any activity decreases to be more modest in both depth and duration as compared to previous industry slowdowns. Today, the North American oil and gas industry is comprised of a smaller number of larger, well-capitalized producers with much stronger balance sheets that can withstand commodity price changes. Oil supply and demand are more balanced with oil storage levels at the low end of their 20-year range. A more significant amount of current activity is directed at maintaining current production levels, meaning there is much less opportunity to reduce growth capital. Whereas in previous downturns companies were able to maintain production by completing previously drilled wells, the current inventory of drilled but uncompleted wells (DUCs) appears to be at or near its minimum sustainable level; thus, we anticipate that efforts to maintain production will require both drilling and completions activity. Analysts have a more positive outlook for natural gas fundamentals, supported by growth expectations from LNG projects coming online and increased power demand related to data centre requirements to support artificial intelligence applications.

Our experience through previous cycles has been that maintaining investments focused on service quality and technology development through periods of uncertainty provides the greatest opportunity to expand competitive gaps. We see opportunities for greater adoption of data-driven technologies over time in both drilling and completions, and we intend to ensure our product and service offerings continue to evolve to ensure we can capitalize on those opportunities.

Quarterly Dividend

Pason announced today that the Board of Directors have declared a quarterly dividend of thirteen cents (C\$0.13) per share on the company's common shares. The dividend will be paid on June 30, 2025 to shareholders of record at the close of business on June 16, 2025.

First Quarter Conference Call

Pason will be conducting a conference call for interested analysts, brokers, investors, and media representatives to review its 2025 first quarter results at 9:00 a.m. (MT) on Friday, May 2, 2025. The

conference call dial-in numbers are 1-888-510-2154 or 1-437-900-0527, and the call will be simultaneously audio webcast via: www.pason.com/webcast. You can access the fourteen-day replay by dialing 1-888-660-6345 or 1-289-819-1450, using password 02840#.

An archived audio webcast of the conference call will also be available on Pason's website at www.pason.com/investors.

Non-GAAP Financial Measures

A non-GAAP financial measure has the definition set out in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure".

The following non-GAAP measures may not be comparable to measures used by other companies. Management believes these non-GAAP measures provide readers with additional information regarding the Company's operating performance, and ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and return capital to shareholders through dividends or share repurchases.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest income and expense, income taxes, stock-based compensation expense, and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, net monetary adjustments, government wage assistance, revaluation of put obligation, gain on previously held equity interest and other items, which the Company does not consider to be in the normal course of continuing operations.

Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures as they provide an indication of the results generated by the Company's principal business activities prior to the consideration of how these results are taxed in multiple jurisdictions, how the results are impacted by foreign exchange or how the results are impacted by the Company's accounting policies for equity-based compensation plans.

Reconcile Net Income to EBITDA

Three Months Ended	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025
(000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net income	24,962	27,399	8,012	69,123	10,284	23,717	16,585	19,646
Add:								
Income taxes	7,906	7,356	6,710	9,057	6,048	6,148	2,404	8,214
Depreciation and amortization	5,815	6,988	7,797	11,730	12,901	13,659	13,889	14,184
Stock-based compensation	1,986	5,082	4,732	3,011	4,634	(117)	3,370	2,892
Net interest (income)	(2,847)	(3,858)	(5,082)	(1,411)	(522)	(803)	(218)	(512)
EBITDA	37,822	42,967	22,169	91,510	33,345	42,604	36,030	44,424

Reconcile EBITDA to Adjusted EBITDA

Three Months Ended	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025
(000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
EBITDA	37,822	42,967	22,169	91,510	33,345	42,604	36,030	44,424
Add:								
Foreign exchange loss (gain)	1,597	681	14,247	714	(1,202)	(1,245)	5,574	(170)
Put option revaluation	—	—	(149)	—	—	—	(1,413)	—
Net monetary loss	(1,196)	(1,477)	—	—	—	—	—	—
Gain on previously held equity interest	—	—	—	(50,830)	—	—	—	—
Other	(336)	110	2,621	1,031	992	2,789	1,928	958
Adjusted EBITDA	37,887	42,281	38,888	42,425	33,135	44,148	42,119	45,212

Free cash flow

Free cash flow is defined as cash from operating activities plus proceeds on disposal of property, plant, and equipment, less capital expenditures (including changes to non-cash working capital associated with capital expenditures), and deferred development costs. This metric provides a key measure on the Company's ability to generate cash from its principal business activities after funding capital expenditure programs, and provides an indication of the amount of cash available to finance, among other items, the Company's dividend and other investment opportunities.

Reconcile cash from operating activities to free cash flow

Three Months Ended	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025
(000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cash from operating activities	29,658	31,698	27,412	31,014	25,976	30,375	35,825	39,942
Less:								
Net additions to property, plant and equipment	(11,303)	(6,474)	(7,720)	(17,834)	(16,695)	(12,444)	(16,707)	(15,268)
Deferred development costs	(367)	(208)	(375)	(1,447)	(1,250)	(1,277)	(1,472)	(1,440)
Free cash flow	17,988	25,016	19,317	11,733	8,031	16,654	17,646	23,234

Supplementary Financial Measures

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company; (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio. Supplementary financial measures found within this press release are as follows:

Revenue per Industry Day

Revenue per Industry Day is defined as the total revenue generated from the North American Drilling segment over all active drilling rig days in the North American market. This metric provides a key measure of the North American Drilling segment's ability to evaluate and manage product adoption, pricing, and market share penetration. Drilling rig days are calculated by using accepted industry sources.

IWS Active Jobs

IWS Active Jobs represents the average number of jobs per day that IWS is generating revenue on through the rental of its technology offering to customers during the reporting period. This metric provides a key measure of IWS' market penetration.

Revenue per IWS Day

Revenue per IWS Day is defined as the total revenue generated by the Completions segment over all IWS active days during the quarter. IWS active days are calculated by using IWS Active Jobs in the reporting period. This metric provides a key measure of the IWS' ability to evaluate and manage product adoption and pricing.

Adjusted EBITDA as a percentage of revenue

Calculated as adjusted EBITDA divided by revenue.

Total Cash

Calculated as the sum of cash and cash equivalents, and short-term investments from the Company's Consolidated Balance Sheets. The Company's short term-investments are comprised of US dollar bonds.

Forward Looking Information

Certain statements contained herein constitute "forward-looking statements" and/or "forward-looking information" under applicable securities laws (collectively referred to as "forward-looking statements"). Forward-looking statements can generally be identified by the words "anticipate", "expect", "believe", "may", "could", "should", "will", "estimate", "project", "intend", "plan", "outlook", "forecast" or expressions of a similar nature suggesting a future outcome or outlook.

Without limiting the foregoing, this document includes, but is not limited to, the following forward-looking statements: the Company's growth strategy and related schedules; divergence in activity levels between the geographic regions in which we operate; demand fluctuations for our products and services; the Company's ability to increase or maintain market share; projected future value, forecast operating and financial results; planned capital expenditures; expected product performance and adoption, including the timing, growth and profitability thereof; potential dividends and dividend growth strategy; future use and development of technology; our financial ability to meet long-term commitments not included in liabilities; the collectability of accounts receivable; the application of critical accounting estimates and judgements; treatment under governmental regulatory and taxation regimes; and projected increasing shareholder value.

These forward-looking statements reflect the current views of Pason with respect to future events and operating performance as of the date of this document. They are subject to known and unknown risks, uncertainties, assumptions, and other factors that could cause actual results to be materially different from results that are expressed or implied by such forward-looking statements.

Although we believe that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: the state of the economy; volatility in industry activity levels and resulting customer expenditures on exploration and production activities; customer demand for existing and new products; the industry shift towards more efficient drilling and completions activity and technology to assist in that efficiency; the impact of competition; the loss of key customers; the loss of key personnel; cybersecurity risks; reliance on proprietary technology and ability to protect the Company's proprietary technologies; changes to government regulations (including those related to safety, environmental, or taxation); the impact of extreme weather events and seasonality on our suppliers and on customer operations; and war, terrorism, pandemics, social or political unrest that disrupts global markets.

These risks, uncertainties and assumptions include but are not limited to those discussed in Pason's Annual Information Form for the year ended December 31, 2024 under the heading, "Risk and Uncertainty," in our management's discussion and analysis for the year ended December 31, 2024, and in our other filings with Canadian securities regulators. These documents are on file with the Canadian securities regulatory authorities

and may be accessed through the SEDAR+ website (www.sedarplus.ca) or through Pason's website (www.pason.com).

Forward-looking statements contained in this document are expressly qualified by this cautionary statement. Except to the extent required by applicable law, Pason assumes no obligation to publicly update or revise any forward-looking statements made in this document or otherwise, whether as a result of new information, future events or otherwise.

Pason Systems Inc.

Pason is a leading global provider of specialized data management systems for drilling rigs. Our solutions, which include data acquisition, wellsite reporting, remote communications, web-based information management, and analytics, enable collaboration between the rig and the office. Through Intelligent Wellhead Systems Inc. ("IWS"), we also provide engineered controls, data acquisition, and software, to automate workflows and processes for oil and gas well completions operations, improving wellsite safety and efficiency. Through Energy Toolbase Software, Inc. ("ETB"), we also provide products and services for the solar power and energy storage industry. ETB's solutions enable project developers to model, control and monitor economics and performance of solar energy and storage projects.

Pason's common shares trade on the Toronto Stock Exchange and OTC Markets Group under the symbol PSI and PSYTF, respectively. For more information about Pason Systems Inc., visit the company's website at www.pason.com or contact investorrelations@pason.com.

Jon Faber
President and Chief Executive Officer
403-301-3400

Celine Boston
Chief Financial Officer
403-301-3400

Additional information on risks and uncertainties and other factors that could affect Pason's operations or financial results are included in Pason's reports on file with the Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca) or through Pason's website (www.pason.com).